

# **BATTLE CREEK TRANSIT SYSTEM**

**Battle Creek, Michigan**

**Financial Statements  
And  
Supplementary Information**

**For the Year Ended  
June 30, 2008**



**REHMANN ROBSON**

*Certified Public Accountants*

# BATTLE CREEK TRANSIT SYSTEM

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**REHMANN ROBSON**

*Certified Public Accountants*

*A member of* **THE REHMANN GROUP**



## **INDEPENDENT AUDITORS' REPORT**

December 10, 2008

Honorable Mayor and Members of  
the City Commission  
City of Battle Creek, Michigan

We have audited the accompanying financial statements of the ***Battle Creek Transit System, an enterprise fund of the City of Battle Creek, Michigan***, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the City of Battle Creek's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Battle Creek Transit System and do not purport to, and do not, present fairly the financial position of the City of Battle Creek, Michigan, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Battle Creek Transit System, an enterprise fund of the City of Battle Creek, Michigan, as of June 30, 2008 and the changes in financial position thereof and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Battle Creek Transit System. The information on pages 9 through 19 and page 21 has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. The information on page 20 has not been subjected to the procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

# **FINANCIAL STATEMENTS**

**BATTLE CREEK TRANSIT SYSTEM**  
**Statement of Net Assets**  
**June 30, 2008**

**Assets**

Current assets:

Grants receivable	\$ 723,335
Prepays	1,997
Inventory	72,662
Other assets	<u>30,145</u>

Total current assets	828,139
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Capital assets, net	<u>3,556,407</u>
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Total assets	<u><u>4,384,546</u></u>
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**Liabilities, all current**

Accrued payroll and compensated absence	95,540
Interfund payable to other funds of the City	<u>90,184</u>

Total current liabilities	<u>185,724</u>
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**Net assets**

Investment in capital assets	3,556,407
Unrestricted	<u>642,415</u>

Total net assets	<u><u>\$ 4,198,822</u></u>
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The accompanying notes are an integral part of these financial statements.

**BATTLE CREEK TRANSIT SYSTEM**  
**Statement of Revenue, Expenses, and**  
**Changes in Net Assets**  
**For the Year Ended June 30, 2008**

<b>Operating revenue</b>	
Line-haul (farebox)	\$ 328,149
Advertising	37,568
Other operating revenue	15,405
Total operating revenue	<u>381,122</u>
<b>Operating expenses</b>	
Operations	2,913,023
Maintenance	650,354
General administration	436,358
Total operating expenses	<u>3,999,735</u>
Operating loss	<u>(3,618,613)</u>
<b>Nonoperating revenue (expense)</b>	
Federal grants	1,623,820
State grants	1,581,266
Total nonoperating revenue	<u>3,205,086</u>
Net loss before transfers	(413,527)
<b>Transfers in from other fund</b>	875,109
<b>Transfers out to other fund</b>	<u>(4,641)</u>
Change in net assets	456,941
Total net assets, beginning of year	<u>3,741,881</u>
<b>Total net assets, end of year</b>	<u><u>\$ 4,198,822</u></u>

The accompanying notes are an integral part of these financial statements

**BATTLE CREEK TRANSIT SYSTEM**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2008**

**Cash flows from operating activities**

Receipts from customers and users	\$ 381,122
Payments to suppliers	(979,106)
Payments to employees	(2,444,405)
Payments for interfund services	(289,839)

Net cash used in operating activities	(3,332,228)
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**Cash flows from non-capital financing activities**

Transfers in	875,109
Transfers out	(4,641)
Federal and state grants	3,336,116

Net cash provided by non-capital financing activities	4,206,584
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**Cash flows from capital and related financing activities**

Purchase of capital assets	(874,356)
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Net change in cash and cash equivalents	-
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Pooled cash and investments, beginning of year	-
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Pooled cash and investments, end of year	\$ -
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**Reconciliation of operating loss**

**to net cash used in operating activities**

Operating loss	\$ (3,618,613)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	462,052
Changes in assets and liabilities:	
Inventory	13,704
Other assets	(106,001)
Accrued payroll and compensated absences	7,918
Interfund payable	(91,288)

Net cash used in operating activities	\$ (3,332,228)
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The accompanying notes are an integral part of these financial statements.

# BATTLE CREEK TRANSIT SYSTEM

## Notes To Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Battle Creek Transit System (the “System”) is an enterprise fund of the City of Battle Creek, Michigan. The System provides public transportation services to users in the City of Battle Creek and portions of the surrounding area. The accounting policies of the System conform with generally accepted accounting principles as applicable to proprietary funds. A summary of significant accounting policies follows.

**Reporting Entity** - These financial statements represent the financial condition, results of operations and cash flows of an enterprise fund of the City of Battle Creek, Michigan (the “City”) and are an integral part of that reporting entity. The System is not a component unit of the City or any other reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*.

**Basis of Accounting** - The System uses a fund (i.e., a separate accounting entity with a self-balancing set of accounts) to report its financial position, the results of its operations and its cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities.

The System is operated as an enterprise fund, which is used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The System applies all applicable FASB pronouncements issued through November 30, 1989 in accounting and reporting for its proprietary operations. The System has elected not to follow subsequent private-sector guidance.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**Pooled Cash and Investments** – The System’s pooled cash and investments, if any, represents amounts deposited entirely in the City’s internal cash management pool.

**Inventory** – Inventory is valued at cost using the first-in/first-out method.



# BATTLE CREEK TRANSIT SYSTEM

## Notes To Financial Statements

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**Capital Assets** – Capital assets, which include property and equipment, are reported at cost or, if donated, at their estimated fair value on the date donated. The System defines capital assets as assets with an initial, individual cost of \$10,000 or more and estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The System's capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	5-50
Buildings	50
Equipment	3-10
Furniture and fixtures	6-10
Vehicles	7-10

**Compensated Absences** - Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. Sick pay benefits are not provided pursuant to the City's short-term disability program.

## 2. POOLED CASH AND INVESTMENTS

The System, along with the various other funds of the City, participates in the City's pooled cash management accounts. At June 30, 2008, the System had a negative cash balance in the City's cash pool of \$90,184, which is reported in the accompanying statement of net assets as an *interfund payable*. Information regarding this internal cash management pool is presented in the City's comprehensive annual financial report.

# BATTLE CREEK TRANSIT SYSTEM

## Notes To Financial Statements

### 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 66,499	\$ -	\$ -	\$ 66,499
Capital assets, being depreciated:				
Land improvements	26,130	-	-	26,130
Buildings	2,343,057	-	-	2,343,057
Equipment	1,219,236	-	(33,569)	1,185,667
Vehicles	4,409,599	874,356	(1,293,583)	3,990,372
Total capital assets being depreciated	7,998,022	874,356	(1,327,152)	7,545,226
Less accumulated depreciation for:				
Land improvements	22,211	2,613	-	24,824
Buildings	801,840	84,079	-	885,919
Equipment	1,106,939	18,729	(33,569)	1,092,099
Vehicles	2,989,428	356,631	(1,293,583)	2,052,476
Total accumulated depreciation	4,920,418	462,052	(1,327,152)	4,055,318
Total capital assets being depreciated, net	3,077,604	412,304	-	3,489,908
<b>System capital assets, net</b>	<b>\$ 3,144,103</b>	<b>\$ 412,304</b>	<b>\$ -</b>	<b>\$ 3,556,407</b>

### 4. RISK MANAGEMENT

The System participates in the City's self-insurance program for liability and worker's compensation insurance coverage. Property insurance coverage is provided by commercial carriers through the City's self-insurance fund.

### 5. COST ALLOCATION PLANS / ELIGIBLE COSTS

The System does not use or apply any cost allocation plans in the determination of its reported costs. Also, any capital funds that are used to pay for operating expenses are deducted for purposes of calculating eligible costs in accordance with Michigan Department of Transportation guidelines.

# **BATTLE CREEK TRANSIT SYSTEM**

## **Notes To Financial Statements**

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### **6. CONTINGENCIES**

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the System. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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# **SUPPLEMENTARY INFORMATION**

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Local Revenues**  
**For the Year Ended June 30, 2008**

	<b>7/1/07 through 9/30/07</b>	<b>10/1/07 through 6/30/08</b>	<b>Total</b>
Line haul - farebox (urban less than 100,000)	\$ 76,506	\$ 251,643	\$ 328,149
Advertising	13,635	23,933	37,568
Other operating revenue	339	15,066	15,405
Transfers in from other funds	218,777	656,332	875,109
<b>Total local revenue</b>	<b>\$ 309,257</b>	<b>\$ 946,974</b>	<b>\$ 1,256,231</b>

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Local Revenues**  
**Based on a September 30, 2007 Year End**

	<b>10/1/06 through 6/30/07</b>	<b>7/1/07 through 9/30/07</b>	<b>Total</b>
Line haul - farebox (urban less than 100,000)	\$ 213,748	\$ 76,506	\$ 290,254
Advertising	22,833	13,635	36,468
Other operating revenue	16,107	339	16,446
Transfers in from other funds	935,824	218,777	1,154,601
<b>Total local revenue</b>	<b>\$ 1,188,512</b>	<b>\$ 309,257</b>	<b>\$ 1,497,769</b>

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2008**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant No./ Authorization Number	Program Award Amount	Current Year Expenditures				Prior Year Expenditures	Award Amount Remaining
				Total	Federal	State	Local		
<b><u>U.S. Department of Transportation</u></b>									
Federal Direct Assistance									
Federal Transit Operating Grant - Section 5307	20.507	MI-90-X551-00	\$ 887,259	\$ 887,259	\$ 887,259	\$ -	\$ -	\$ -	\$ -
Capital Assistance Grant - Section 5307 (80/20)	20.507	MI-90-X498-00	154,000	92,637	92,637	-	-	48,898	12,465
Capital Assistance Grant - Section 5309 (80/20)	20.500	MI-04-0003-00	1,188,000	82,739	82,739	-	-	930,693	174,568
Capital Assistance Grant - Section 5307 (80/20)	20.507	MI-90-X509-00	221,496	213,600	213,600	-	-	-	7,896
Capital Assistance Grant - Section 5309 (80/20)	20.500	MI-03-0232	217,872	217,872	217,872	-	-	-	-
Capital Assistance Grant - Section 5307 (80/20)	20.507	MI-90-X478-00	103,830	93,258	92,913	-	345	990	9,927
Federal Funds Passed through the Michigan Department of Transportation									
Planning Grant	20.515	MI-80-X014	80,000	46,000	36,800	-	9,200	-	43,200
<b><u>Michigan Department of Transportation</u></b>									
Operating Assistance - Act 51 - Urban less than 100,000	N/A	N/A	1,303,707	1,303,707	-	1,303,707	-	-	-
FY 2006 100% State Intercity	N/A	2002-0013/Z15	24,976	10,224	-	10,224	-	-	14,752
Capital Grant - Section 5309 (80/20)	N/A	2002-0013/Z17	297,000	20,685	-	20,685	-	232,673	43,642
Capital Grant - Section 5307 (80/20)	N/A	2002-0013/Z14	24,000	23,159	-	23,159	-	-	841
Capital Grant - Section 5307 (80/20)	N/A	2002-0013/Z19	53,400	53,400	-	53,400	-	-	-
Capital Grant - Section 5307 (80/20)	N/A	2002-0013/Z16	54,468	54,468	-	54,468	-	-	-
Capital Grant - Section 5309 (80/20)	N/A	2002-0013/Z18	26,000	23,159	-	23,159	-	-	2,841
Specialized Services 08	N/A	2007-0169/Z4	92,624	80,619	-	80,619	-	-	12,005
Specialized Services 07	N/A	2007-0169/Z1	92,624	11,295	-	11,295	-	81,329	-
<b>TOTALS</b>				<b>\$ 3,214,081</b>	<b>\$ 1,623,820</b>	<b>\$ 1,580,716</b>	<b>\$ 9,545</b>	<b>\$ 1,294,583</b>	<b>\$ 322,137</b>

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Federal and State Awards -**  
**Operating Revenue Only**  
**For the Year Ended June 30, 2008**

	<b>7/1/07 through 9/30/07</b>	<b>10/1/07 through 6/30/08</b>	<b>Total</b>
Federal grant -			
Operating grant - Section 5307	\$ -	\$ 887,259	\$ 887,259
State of Michigan grant -			
Formula operating assistance	416,769	886,938	1,303,707
Total	<u>\$ 416,769</u>	<u>\$ 1,774,197</u>	<u>\$ 2,190,966</u>

**Based on a September 30, 2007 Year End**

	<b>10/1/06 through 6/30/07</b>	<b>7/1/07 through 9/30/2007</b>	<b>Total</b>
Federal grant -			
Operating grant - Section 5307	\$ 817,889	\$ -	\$ 817,889
State of Michigan grant -			
Formula operating assistance	935,309	416,769	1,352,078
Total	<u>\$ 1,753,198</u>	<u>\$ 416,769</u>	<u>\$ 2,169,967</u>



**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Operating and Contract Expenses**  
**For the Year Ended June 30, 2008**

	Urban less than 100,000	2007-0169/Z4 FY08 Specialized Services	2007-0169/Z1 FY07 Specialized Services	Total
Labor:				
Operators' salaries and wages	\$ 1,043,915	\$ -	\$ -	\$ 1,043,915
Other salaries and wages	374,802	-	-	374,802
Fringe benefits	1,033,606	-	-	1,033,606
Services:				
Advertising	20,507	-	-	20,507
Other services	258,735	80,619	11,295	350,649
Materials and supplies:				
Fuel and lubricants	284,898	-	-	284,898
Other materials and supplies	182,285	-	-	182,285
Utilities	51,278	-	-	51,278
Insurance expense	178,922	-	-	178,922
Leases and rentals	16,821	-	-	16,821
Depreciation	462,052	-	-	462,052
Total expenses	3,907,821	80,619	11,295	3,999,735
Add: transfer out for telephone service	4,641	-	-	4,641
Less: specialized services, planning and capital expenses	(47,024)	(80,619)	(11,295)	(138,938)
Net operating expenses	\$ 3,959,486	\$ 161,238	\$ 22,590	\$ 4,143,314

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Operating Expenses**  
**For the Year Ended June 30, 2008**

	<b>Urban less than 100,000</b>		
	<b>7/1/07 through 9/30/07</b>	<b>10/1/07 through 6/30/08</b>	<b>Total</b>
<b>Expenses</b>			
Labor	\$ 347,005	\$ 1,071,712	\$ 1,418,717
Fringe benefits	260,911	772,695	1,033,606
Services	75,456	295,700	371,156
Materials and supplies	109,910	357,273	467,183
Utilities	3,913	47,365	51,278
Insurance expense	44,731	134,191	178,922
Leases and rentals	812	16,009	16,821
Depreciation	115,513	346,539	462,052
Total expenses	958,251	3,041,484	3,999,735
Add: transfer out for telephone service	1,160	3,481	4,641
Less: capital contract 2002-0013-Z15	-	(10,224)	(10,224)
Less: federal portion planning contract MI-80-X014	-	(36,800)	(36,800)
<b>Total operating expenses</b>	<b>\$ 959,411</b>	<b>\$ 2,997,941</b>	<b>\$ 3,957,352</b>

	<b>2007-0169/Z1 FY07 Specialized Services</b>		
	<b>7/1/07 through 9/30/07</b>	<b>10/1/07 through 6/30/08</b>	<b>Total</b>
<b>Expenses</b>			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	2,500	8,795	11,295
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
Total expenses	2,500	8,795	11,295
<b>Less ineligible expenses and contra-expenses</b>			
Specialized services	(2,500)	(8,795)	(11,295)
<b>Eligible expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued...

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Operating Expenses (Concluded)**  
**For the Year Ended June 30, 2008**

2007-0169/Z4 FY08 Specialized Services			
	7/1/07 through 9/30/07	10/1/07 through 6/30/08	Total
<b>Expenses</b>			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	-	80,619	80,619
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
Total expenses	-	80,619	80,619
<b>Less ineligible expenses and contra-expenses</b>			
Specialized services	-	(80,619)	(80,619)
<b>Eligible expenses</b>	\$ -	\$ -	\$ -

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Operating Expenses**  
**Based on a September 30, 2007 Year End**

	<b>Urban less than 100,000</b>		
	<b>10/1/2006 through 6/30/2007</b>	<b>7/1/2007 through 9/30/2007</b>	<b>Total</b>
<b>Expenses</b>			
Labor	\$ 1,097,276	\$ 347,005	\$ 1,444,281
Fringe benefits	779,449	260,911	1,040,360
Services	128,171	75,456	203,627
Materials and supplies	360,003	109,910	469,913
Utilities	51,256	3,913	55,169
Insurance expense	127,801	44,731	172,532
Leases and rentals	2,416	812	3,228
Depreciation	238,624	115,513	354,137
Total expenses	2,784,996	958,251	3,743,247
Add: transfer out for telephone service	3,413	1,160	4,573
Less: capital contract MI-04-003-/2002-0013/Z17	(12,271)	-	(12,271)
Less: capital contract MI-03-0195-2002-0013/Z9	(9,295)	-	(9,295)
<b>Net operating expenses</b>	<b>\$ 2,766,843</b>	<b>\$ 959,411</b>	<b>\$ 3,726,254</b>

	<b>2002-0013/Z13 FY06 Specialized Services</b>		
	<b>10/1/2006 through 6/30/2007</b>	<b>7/1/2007 through 9/30/2007</b>	<b>Total</b>
<b>Expenses</b>			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	17,671	-	17,671
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
Total expenses	17,671	-	17,671
<b>Less ineligible expenses and contra-expenses</b>			
Specialized services	(17,671)	-	(17,671)
<b>Eligible expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Continued...

**BATTLE CREEK TRANSIT SYSTEM**  
**Schedule of Operating Expenses (Concluded)**  
**Based on a September 30, 2007 Year End**

	2007-0169/Z1		
	FY07 Specialized Services		
	10/1/2006 through 6/30/2007	7/1/2007 through 9/30/2007	Total
<b>Expenses</b>			
Labor	\$ -	\$ -	\$ -
Fringe benefits	-	-	-
Services	81,329	2,500	83,829
Materials and supplies	-	-	-
Utilities	-	-	-
Insurance expense	-	-	-
Leases and rentals	-	-	-
Depreciation	-	-	-
Total expenses	81,329	2,500	83,829
<b>Less ineligible expenses and contra-expenses</b>			
Specialized services	(81,329)	(2,500)	(83,829)
<b>Eligible expenses</b>	\$ -	\$ -	\$ -

**BATTLE CREEK TRANSIT SYSTEM**  
**Urban (less than 100,000) Regular Service Revenue Report**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Amount</b>
<b>401 :</b>	<b>Farebox Revenue</b>	
40100	Passenger Fares	\$ 290,254
<b>406 :</b>	<b>Auxiliary Trans Revenues</b>	
40615	Advertising	36,468
<b>407</b>	<b>Auxiliary Trans Revenues</b>	
40799	Other Non Trans Revenue	16,446
<b>409 :</b>	<b>Local Revenue</b>	
40910	Local Operating Assistance	892,919
40999	Other Local Contracts & Reimbursements	261,682
<b>411 :</b>	<b>State Formula and Contracts</b>	
41101	State Operating Assistance	1,352,078
<b>413 :</b>	<b>Federal Contracts</b>	
41301	Federal Section 5311	817,889
<b>Total revenues:</b>		<b>\$ 3,667,736</b>

**BATTLE CREEK TRANSIT SYSTEM**  
**Urban (less than 100,000) Regular Service Expense Report**  
**For the Year Ended September 30, 2007**

<b>Code</b>	<b>Description</b>	<b>Operations</b>	<b>Maintenance</b>	<b>Gen. Admin.</b>	<b>Total</b>
<b>501 :</b>	<b>Labor</b>				
50101	Operators' Salaries & Wages	\$ 1,174,921	\$ -	\$ -	\$ 1,174,921
50102	Other Salaries & Wages	-	246,202	170,213	416,415
<b>502 :</b>	<b>Fringe Benefits</b>				
50200	Other Fringe Benefits	532,815	107,406	47,946	688,167
50200	Pensions	145,978	32,775	26,385	205,138
<b>503 :</b>	<b>Services</b>				
50302	Advertising Fees	-	-	22,372	22,372
50305	Audit Cost	-	-	9,620	9,620
50399	Other Services	45,220	72,969	22,257	140,446
<b>504 :</b>	<b>Materials and Supplies</b>				
50401	Fuel & Lubricants	240,790	-	-	240,790
50402	Tires & Tubes	-	16,320	-	16,320
50402	Major Supplies	155,925	-	-	155,925
50499	Other Materials & Supplies	9,765	33,909	12,940	56,614
<b>505 :</b>	<b>Utilities</b>				
50500	Utilities	-	-	59,742	59,742
<b>506 :</b>	<b>Insurance</b>				
50603	Liability Insurance	-	121,137	-	121,137
50699	Other Insurance	-	-	51,395	51,395
<b>509 :</b>	<b>Misc Expenses</b>				
50902	Travel, Meetings & Training	-	1,339	4,034	5,373
50902	Association Dues & Subscriptions	-	-	10,016	10,016
50902	Other Misc Expenses	5,351	4,254	-	9,605
<b>512 :</b>	<b>Operating Leases &amp; Rentals</b>				
51200	Operating Leases & Rentals	1,035	6,637	2,015	9,687
<b>513 :</b>	<b>Depreciation</b>				
51300	Depreciation	354,137	-	-	354,137
<b>550 :</b>	<b>Ineligible Expenses</b>				
55007	Ineligible Depreciation	354,137	-	-	354,137
55009	Ineligible Percent of Association Dues	-	-	885	885
<b>Total expenses:</b>					<b>3,747,820</b>
<b>Total ineligible expenses:</b>					<b>355,022</b>
<b>Total eligible expenses:</b>					<b>\$ 3,392,798</b>

**BATTLE CREEK TRANSIT SYSTEM**  
**Urban (less than 100,000) Regular Service Nonfinancial Report**  
**For the Year Ended September 30, 2007**

**Public Service**

<b>Code</b>	<b>Description</b>	<b>Weekday</b>	<b>Saturday</b>	<b>Sunday</b>	<b>Total</b>
610	Vehicle Hours	38,040	2,791	-	40,831
611	Vehicle Miles	576,405	39,019	-	615,424

The methodology used for compiling vehicle hours and mileage has been reviewed and found to be adequate and reliable.



**BATTLE CREEK TRANSIT SYSTEM**  
**Operating Assistance Calculation**  
**For the Year Ended September 30, 2007**

**Urban less**  
**than 100,000**

<b>Total expenses</b>	\$ 3,747,820
<b>Less ineligible expenses</b>	
Depreciation on capital assets acquired with federal and state grants	354,137
Michigan Public Transit Association dues	273
American Public Transit Association dues	612
	<hr/>
Total Ineligible Expenses Per R & E Manual	355,022
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<b>Total state eligible expenses</b>	<u><u>\$ 3,392,798</u></u>

<b>Eligible Expenses for State Reimbursement</b>	\$ 3,392,798
x Reimbursement Percentage	0.38620
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State Operating Assistance	\$ 1,310,299
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<b>State Operating Assistance</b>	<u><u>\$ 1,352,078</u></u>
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